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ABSTRACT

This political and economic study unit is designed to provide students with an understanding of how the stock market works; an examination of the corporate form of business organization; principles of investment; analysis of market action and patterns; types of securities; sources of financial information; and the rationale of investment choices. Objectives for the course are stated and suggested learning activities for each area of study are outlined. A bibliography of basic textual and other materials and resources is included. (SHM)

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AUTHORIZED COURSE OF INSTRUCTION FOR THE QUINMESTER PROGRAM

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SOCIAL STUDIES

BULL AND BEAR: THE STOCK MARKET

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6473.04

DADE COUNTY PUBLIC SCHOOLS

DIVISION OF INSTRUCTION • 1971

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by

Sidney H. Cooper

for the

Division of Instruction
Dade County Public Schools
Miami, Florida
1971

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INTRODUCTION

This course of study was written as a part of a total effort to revise curriculum to fit the quinmester administrative organization of schools. The materials and information in this guide are meant to be neither all-inclusive nor prescriptive; but rather, an aide to teachers as they plan instructional programs, taking into account student needs and characteristics, available resources, and other factors.

The major intent of this publication is to provide a broad framework of goals and objectives, content, teaching strategies, class activities, and materials all related to a described course of study. Teachers may then accept the model framework in total or draw ideas from it to incorporate into their lessons.

The guide is divided into 1) a broad goals section, 2) a content outline, 3) objectives and learning activities, and 4) materials. The first section provides descriptive and goal-oriented information for the teacher; "indicators of success" refers to suggested prerequisite or corequisite experiences. The content outline illustrates, in general terms, the scope and major subdivisions of the course. The objectives and learning activities section, hopefully, provides a total picture of the concept or main idea and specific behavioral objectives for a set of given learning activities. The materials section of the guide lists resources in four categories: essential textual or other material; alternate classroom materials to use in place of or in addition to the aforementioned; supplementary teacher resources; and supplementary student resources. The appendix may include other material appropriate for a specific course: e.g., pretests, readings, vocabulary, etc.

Anyone having recommendations relating to this publication is urged to write them down and send to : Social Studies Office, Room 306, Lindsey Hopkins, A-1.

James A. Fleming
Social Studies Consultant

COURSE DESCRIPTION: THIS COURSE IS DESIGNED TO PROVIDE STUDENTS WITH AN UNDERSTANDING OF HOW THE STOCK MARKET WORKS; AN EXAMINATION OF THE CORPORATE FORM OF BUSINESS ORGANIZATION; PRINCIPLES OF INVESTMENT; ANALYSIS OF MARKET ACTION AND PATTERNS; TYPES OF SECURITIES; SOURCES OF FINANCIAL INFORMATION; AND THE RATIONALE OF INVESTMENT CHOICES.

CLUSTER: Political and Economic Studies
GRADE LEVEL: 10 - 12
COURSE STATUS: Elective
INDICATORS OF SUCCESS: None

COURSE RATIONALE: Many people in our contemporary society have become sufficiently affluent to have surplus funds for investment. And since an increasing number of individuals have considered securities as an "investment" media, the aim of this course is to acquaint the students with how the securities market operates, and to learn some of the fundamental principles involved in the selection of securities.

COURSE GOALS:

1. STUDENTS WILL MAKE A COMPARATIVE ANALYSIS OF THE THREE MAJOR FORMS OF BUSINESS ORGANIZATION.
2. STUDENTS WILL EXAMINE THE FUNCTION AND ORGANIZATION OF SECURITY MARKETS.
3. STUDENTS WILL DEMONSTRATE THEIR ABILITY TO MAKE PREDICTIONS BY ASSESSING FINANCIAL INFORMATION AND RELATED NEWS EVENTS.
4. STUDENTS WILL SPECIFY THE DISTINGUISHING CHARACTERISTICS BETWEEN COMMON AND PREFERRED STOCKS, AND BETWEEN EQUITIES AND BONDS.
5. IN INTERPRETING THE TECHNICAL FEATURES OF THE MARKET, STUDENTS WILL DEMONSTRATE THEIR ABILITY TO PREDICT BULL OR BEAR TRENDS.
6. GIVEN THE CONDITIONS OF A BEAR MARKET, THE STUDENT WILL OFFER APPROPRIATE INVESTMENT STRATEGIES AND EVALUATE EACH.
7. STUDENTS WILL EVALUATE A SECURITY BASED ON THE CRITERIA OF FUNDAMENTAL ANALYSIS.
8. STUDENTS WILL EVALUATE INVESTMENT COMPANIES AS A POSSIBLE INVESTMENT OPPORTUNITY.
9. STUDENTS WILL EVALUATE SPECIAL INVESTMENT TECHNIQUES SUCH AS "DOLLAR COST AVERAGING."

COURSE CONTENT OUTLINE:

I. Forms of Business Organization

- A. The Single Proprietorship
- B. The General Partnership
- C. The Corporation

II. Security Markets

- A. Organized Securities Exchanges
- B. Over-the-Counter Market

III. Financial Information

- A. Newspapers
- B. Trade Magazines
- C. Investment Services
- D. Bank Letters
- E. Periodicals
- F. Annual Corporate Reports
- G. Stock Averages
- H. Business Indicators

IV. Characteristics of Common Stocks

V. Characteristics of Preferred Stocks

VI. Characteristics of Bonds

- A. Debentures
- B. Other fixed-income investment opportunities

VII. Technical Market Analysis

- A. Volume theory
- B. Advance Decline theory
- C. Odd lot theory
- D. Short interest theory
- E. Dow theory
- F. Charting
- G. New Issues
- H. Margin

VIII. Bear Markets

- A. Characteristics of Bear Markets
- B. Investment strategies for Bear Markets

IX. Fundamental Analysis

- A. Selection of industry
- B. Evaluation of firm

X. Investment Companies

- A. Closed-end investment companies
- B. Open-end or mutual funds

XI. Investment Techniques

- A. Dollar Cost Averaging
- B. Monthly Investment Plan

GOAL 1. STUDENTS WILL MAKE A COMPARATIVE ANALYSIS OF THE THREE MAJOR FORMS OF BUSINESS ORGANIZATION.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
FORMS OF BUSINESS ORGANIZATION	A. Compare the advantages and disadvantages of the three major forms of business organization.	1. Show the movie, What is a Corporation, (# 1-05597). a. Before showing the film, alert the class to observe as many different advantages and disadvantages as they can by providing a blank outline for this purpose. b. After showing the film, ask students to share as many of their observations as they can. c. The teacher may then summarize, emphasize, and augment the material and answer questions that may arise.
NOTE: Because some school centers might lack materials, the writer has included information in the activities which may be of assistance to the teacher.	B. Students will explain why the corporate form of business enterprise has attracted the largest amount of investment capital, and has contributed to the economic growth of our country.	2. There are about 9,200,000 proprietorships in the United States, approximately 950,000 partnerships, and some 1,400,000 corporations. Even though corporations constitute only about 12 percent of the businesses in operation, the annual income is nearly 4 times that of all proprietorships and partnerships combined. For the proprietorship and partnership, the income and liabilities of the firm are also the personal incomes and liabilities of the owner(s). The liabilities of the owners (stockholders) of the corporation are limited to the value of the stock owned; also, the income of the corporation is legally distinct and separately taxed. Though not large in terms of numbers, corporations own the bulk of assets in the economy and account for the major share of output; the biggest of the corporations loom very large in the economy. a. 500 corporations produce more than 50 percent of the value of our G.N.P. b. Corporations own 80 percent of all business wealth. c. Corporations employ 66 2/3 percent of our private labor force. d. The top 100 corporations own 50 percent of all manufacturing assets.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

e. 91 percent of all business failures: small business

f. The top 2 percent of all American families own between 66 2/3 percent and 75 percent of all corporate stock.

3. SUMMARY:

a. Limited liability enables a corporation to attract large amounts of capital.

b. With its vast funding, a corporation can attract the expertise of labor and management, and the resources necessary for growth.

4. QUESTIONS FOR DISCUSSION AND STUDY:

a. Compare the individual proprietorship, partnership, and corporation with regard to the following points:

1. How is the business started? (legal requirements)
2. Who owns the business?
3. Who manages the business?
4. Who shares the profits?
5. Who is liable for debts?
6. How well is the business organized to last?
7. How well is the business adopted to obtain capital?

b. Summarize the advantages and disadvantages of each form.

c. What is the legal status of a corporation?

d. Distinguish between a closed (private) corporation and a public corporation. (Florida Statute of 1970 allows one person to own a corporation.)

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		e. Are partnerships more likely to be found in manufacturing and mining or in the retail trade and service industries? WHY? f. Would the profit generated by a firm have a bearing on the organization it adopts? WHY? g. What has been the <u>social</u> and <u>economic</u> impact of corporations on our society? h. Give three ways by which a corporation can increase its captial funds and the advantages and disadvantages of each. (stocks -- bonds -- loans, short and long) i. What is meant by "double taxation" of a corporation's profits? TEXTBOOK SOURCE: Smith, Augustus H., <u>Economics for Our Times</u>. 3d ed. New York: McGraw-Hill Book Co., 1963. (Chapter 10) PAPER PAMPHLET: Bartlett, H. et al., <u>You and the Investment World</u>. New York Stock Exchange, 1967. (Chapter 1)

GOAL 2: STUDENTS WILL EXAMINE THE FUNCTION AND ORGANIZATION OF SECURITY MARKETS.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
SECURITY MARKET	A. Students will offer distinguishing characteristics between an organized Securities Exchange and the Over-the-Counter Market as to: 1. Kinds of securities traded. 2. Listing requirements. 3. How sales are made.	1. Have students read chapters 3 and 4 from You and the Investment World, and N.Y.S.E. publication. 2. Have students view the film, Work of the Stock Exchange, (# 1-10194). 3. Invite a guest speaker from a brokerage firm, giving him your topical needs in advance. 4. Through discussion and lecture, summarize some of the following: a. Function of security markets: to provide a convenient place for investment capital to reach industry. b. Provides for easy capital mobility among alternate investment opportunities. c. Explain that the exchange or its personnel do not directly sell, buy, or set prices of securities -- explain the "auction principle." d. Offer some distinguishing features between regular security exchanges and the over-the-counter market. e. Listing requirements for N.Y.S.E.: 1. 1,800 round-lot shareholders 2. 800,000 publicly held shares with a market value of at least $14 million 3. Annual pre-tax earning requirement - $2.5 million (normally, a history of 3 years performance at these levels is expected.) f. Membership seats have ranged in price from a low of $17,000 in 1942 to $515,000 in 1960. (trading privileges are reserved for members only.)

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

g. The Over-the-Counter Market is made up of thousands of dealers linked by a communications network.

1. The largest number of security offerings are found here in excess of 60,000. (known as the "unlisted" or the "off-board" market)
2. Prices are stated as bid and ask and trades are negotiated instead of the "auction principle" of the exchanges.
3. Kinds of securities traded O.T.C.

   a. local companies or those not meeting big board listing requirements
   b. bank stocks, insurance companies, investment trusts, or mutual funds
   c. U.S. Government securities and municipal bonds
   d. Corporate bonds
   e. many Canadian and foreign securities

5. The teacher might arrange a field trip to an Over-the-Counter broker (i.e., M.S. Wien Co., Ingraham Building, Miami, Fla).

SUGGESTED SOURCE REFERENCES:

Bartlett, W. et al., You and the Investment World. New York Stock Exchange, 1967. (Chapters 3 and 4)
Shultz, Birl E., The Securities Market, and How It Works. Rev. ed. New York: Harper and Row, 1963.
Sobel, Robert. The Big Board: A History of the New York Stock Market. New York: Free Press, 1965.

PAMPHLETS FROM BROKERAGE FIRMS:

Understanding the Modern Securities Market, Section 1 Edition

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		Understanding the New York Stock Exchange, Hirsch & Co. How Over-the-Counter Securities are Traded, Merrill Lynch, Pierce, Fenner, & Smith, Inc.
	B. Students should explain the function of: 1. Security Market 2. Brokerage Firm 3. Registered Representative 4. Floor Broker 5. Specialist 6. Odd-Lot Broker 7. Investment Banker (underwriter)	1. Have students research and make individual oral reports on the objective topics. 2. Invite guest speakers to speak on objective topics. 3. Have students read chapters 8 - 13 and 15 - 19 in How to Buy Stocks, by Louis Engel. (This book is distributed free by Merril Lynch or can be purchased in paperback from Bantam books) 4. Display chart provided by N.Y.S.E. Educational Service and trace the route of a buy and a sell order. 5. From the N.Y.S.E. packet, pass a sample of the stock certificate and bond around the class. 6. At this point, you might explain some of the major differences between an equity (i.e., preferred or common stock), a bond, and a debenture. 7. Have students read Chapter 6 in How to Buy Stocks, Louis Engel. TOPICS FOR DISCUSSION AND STUDY: a. What is the function of a brokerage firm?

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		b. Why do brokers need "seats" on the exchange?
		c. What does the Registered Representative (customers' man) do? (He is trained to help his clients plan investment strategies -- of course, the final decision is the responsibility of the investor)
		d. Floor brokers execute orders on the floor of the Exchange.
		e. Specialists of the N.Y.S.E. has two functions: a) to maintain an orderly market in the stocks for which he is registered by injecting buy and sell orders to minimize sharp price fluctuations and, b) to execute "limit orders" for a commission broker.
		f. Odd-Lot dealer executes trades of 1 to 9 shares in the case of stocks traded in 10-share units and 1 to 99 shares for 100 share units.
		g. Investment Banker (Underwriter) buys new securities from an issuer at a specific price and sells them to the public. The compensation is the "spread" between the buy price and the public offering price. Sometimes, underwriters form Syndicates when there is a large block of securities involved. They offer their expertise to the capital raising firm as to the type of security to offer, timing, and money market conditions.
	C. Students should define: 1. Bid and Ask prices 2. Odd-Lot premiums 3. Market Orders 4. Limit Orders 5. Good Till Cancelled Orders 6. Stop (loss) Orders	TOPICS FOR DISCUSSION AND STUDY: a. How are prices determined in the Over-the-Counter Market? (see pamphlet, How Over-the-Counter Securities are Traded, offered by Merrill Lynch, Pierce, Fenner & Smith, Inc. 70 Pine Street, New York, New York 10005) b. Odd-Lot premiums are additional charges to compensate the services of the odd-lot dealer. (secure from the N.Y.S.E.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		the pamphlet entitled, The Language of Investing: A Glossary.) c. Examine various types of stock orders to ascertain which would be best under certain conditions to prevent losses or to increase gains.
	D. Students will demonstrate their ability to read the ticker tape.	1. Have students read pp. 54-56 and pp. 108-109 in How to Buy Stocks, Louis Engel. 2. Secure from Merrill Lynch the pamphlet How to Read Ticker Tape on TV and distribute to the class. 3. Pass around the class a sample of the ticker tape from the N.Y.S.E. stock packet. 4. Place the following on the chalk board or on a transparency: T X IBM DDPr PAC 55 50 3/4 - 5S 3/4 3S 340 1000S 68 1/2 100S 19 An explanation of this ticker section would be as follows: 100 shares of American Telephone and Telegraph Company common at $55 a share. 100 shares of U.S. Steel common at $ [illegible] per share followed by another 500 shares at the same price. 300 shares of International Business Machines common at $340 per share. 1000 shares of DuPont preferred at $68.50 per share. 10 shares of Pacific Telephone and Telegraph at $19 each.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		5. At this point, a written evaluation should be made for the objectives A,B,C, and D on Security Markets. NOTE: A list of ticker symbols for stocks traded on the N.Y.S.E. can be obtained from: Francis Emory Fitch, Inc., 138 Pearl Street, New York, New York 10005 (The list is revised periodically to keep up to date with new exchange listings and delistings.)

GOAL 3: STUDENTS WILL DEMONSTRATE THEIR ABILITY TO MAKE PREDICTIONS BY ASSESSING FINANCIAL INFORMATION AND RELATED NEWS EVENTS.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
FINANCIAL INFORMATION	A. Students will acquaint themselves with various financial media.	1. Bring to class and/or have students secure copies of the following: a. Newspapers (local, The New York Times, The Wall Street Journal) b. Trade Magazines 1. Automobiles: Ward's Automotive Reports, Detroit, Michigan. 2. Chemicals: Chemical Week, McGraw-Hill, Inc., New York, New York. 3. Oil: Oil and Gas Journal, Petroleum Publishing Co., Tulsa, Oklahoma. 4. Steel: Iron Age, Chilton Co., Philadelphia, Pa. c. Investment Services 1. Standard & Poor's 2. Moody's Investors Service 3. Fitch Investors Service d. Bank Letters (can be obtained free from the following:) 1. Business in Brief, Chase Manhattan Bank, New York 2. Monthly Economic Letter, The First National City Bank, New York 3. Survey, Morgan Guaranty Trust Co., New York 4. Business and Real Estate Trends, First Federal Savings & Loan Association of Miami e. Periodicals 1. American Investor, American Stock Exchange, New York 2. Barron's (weekly), Dow Jones & Co. Inc., New York 3. Business Week (weekly), McGraw-Hill, Inc., New York 4. Changing Times (monthly), The Kiplinger Magazine, Wilton Park, Maryland

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		5. Dun's (monthly), Dunn & Bradstreet Publication, New York 10017 6. Financial World, Guenther Publishing, Inc., New York 10004 7. Forbes (bi-monthly), Forbes, Inc., New York 10011 8. Fortune (monthly), Time, Inc., New York 9. Nation's Business (monthly), Chamber of Commerce of U.S., Washington, D.C. 20006 f. Annual Corporate Reports (can be obtained at brokerage firms or by writing directly to the corporation.) 1. Secure a copy of, How to Read a Financial Report, published by Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine Street, New York, New York 10005 (suggested only for advanced students -- omit for below average) 2. Have students make an oral report from one of the above publications in order to share these publication with the class.
	B. The students will demonstrate how to read the financial section of a newspaper and interpret its significance.	1. Have students read Chapter 6 in, You and the Investment World, published by the New York Stock Exchange. 2. Have students read Chapters 25 and 26 in, How to Buy Stocks, Louis Engel. 3. Display chart, "Reading the Newspaper Stock Tables" and "Reading the N.Y.S.E. Ticker Tape" from the portfolio of teaching aids prepared by the New York Stock Exchange and examine together with the class. 4. Have students bring in the financial section of a newspaper

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

and check their ability to read the quotations from the listings in N.Y.S.E., American Stock Exchange, Over-the-Counter Market, and Bonds.

5. Discuss the financial news and explain the significance of the following areas:

   a. Spotlight Stocks (highest volume of trades)

   b. Stock Averages

      1. Dow-Jones Average
      2. Standard & Poor's
      3. N.Y.S.E. Common Stock Index

   NOTE: Source readings for the averages:

   Engel, Louis, How to Buy Stocks. New York: Bantam Books, 1967, pp. 149-152.
   Rolo, Charles J. and George J. Nelson., eds. The Anatomy of Wall Street. New York: J.B. Lippincott Co., 1968. p. 21
   Rosenblum, Marc, The Stock Market. Cincinnati, Ohio: McCormick-Mathers Publishing Co., 1970. (Chapter 8)

   c. Breadth of Market

      1. Number of stocks traded
      2. Number of stocks advancing
      3. Number of stocks declining
      4. Number of stocks making new highs
      5. Number of stocks making new lows

   d. Earnings and Dividend Reports

      1. Look for increase or decrease announcements.
      2. Look for stock dividends, extras, stock splits, etc.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		e. Business Indicators 1. Production a. Automobile Output (weekly) b. Electric Power Production (weekly) c. Steel Production (weekly) d. Machine Tools (monthly) 2. Distribution a. Carloadings (weekly) b. Department Store Sales 3. Inventories a. Crude Oil b. Gasoline 4. Corporate Financing a. New Stock Issues b. New Bond Issues NOTE: Some sources of the above indicators are: The Wall Street Journal Council of Economic Advisors' Economic Indicators (monthly) Commerce Department's Survey of Current Business (monthly) 6. Student Activity: Have students bring in the financial section of a newspaper. Ask them to find as many business indicators as they can on

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		the financial pages and to record and collect the figures. (Note: Not all indicators are published on the same day, but over a period of weeks they will gather a comprehensive picture of the economy.)
		7. Classroom questions:
		a. After checking the figures of Business Indicators for a few weeks, you see most of them dropping. What effect do you think this would have on the stock market?
		b. If the news indicates that Congress has increased personal or corporate taxes, what effect might this have on the stock market?
		c. Evaluate the effects of peace or war news on the stock market.
		d. If order backlogs of heavy industry show a consistent increase, how might this effect the stock market?
		e. What effect does the Federal Reserve System have on the market when margin requirements are raised or lowered? Interest rates raised or lowered?
		f. What is the role of SEC as a regulatory agency?

GOAL 4: STUDENTS WILL SPECIFY THE DISTINGUISHING CHARACTERISTICS BETWEEN COMMON AND PREFERRED STOCKS, AND BETWEEN EQUITIES AND BONDS.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
COMMON STOCK	A. Students will offer the distinguishing characteristics between equities and bonds.	1. Suggested student readings: a. Chapter 2 in, You and the Investment World, N.Y.S.E. b. Chapter 2 in, How to Buy Stocks, Louis Engel. 2. Questions for classroom discussion and study: a. What is the fundamental difference between a stock and a bond? b. What are the two most common types of security equities? c. How does a common stock differ from a preferred stock? d. What is a proxy? e. How and when does a dividend affect the price of a stock? f. Distinguish between a senior security and a junior or subordinate security.
	B. Students will acquaint themselves with the fundamental terms related to common stock.	1. Define some of the following terms: a. Stock Certificate: Evidence of ownership of a specified number of shares in a corporation. b. Authorized Shares: Stated amount which a corporation may issue. c. Outstanding Shares: Amount of stock in public hands. d. Treasury Stock: Amount held by company. (this stock does not vote or receive dividends)

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

e. Par Value — A dollar amount assigned to a share of stock by a company's charter has little significance on common stock.

f. No-par Stock: — Company designates a stated value at which the shares are carried on the books.

g. Book Value: — Total of all tangible assets, less liabilities and liquidation price of preferred issues. This sum is then divided by the number of shares outstanding and the result is the book value per common share.

h. Market Value: — Most significant. What the stock will trade for in the open market.

i. Dividends:

1. Declared by the Board of Directors.
2. Forms of dividends.

   a. Cash
   b. Stock
   c. In "rights" to subscirbe to other stock

3. Dividend Dates

   a. Declaration date: Date Board of Directors meet to declare dividends.
   b. Record date: Date on which list is made by corporation of all the stockholders who will receive the declared dividends.
   c. Ex-dividend date: Is the day on and after which the buyer of a common stock is not entitled to a previously declared dividend. Signified by an "X" in the market tables.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

c. Payment date: The date the company or its agent pays its dividend.

j. Stock Splits

1. Split downs
2. Split ups

k. Voting Rights

1. Regular voting
2. Proxy voting

l. Liquidation rights

1. Mortgaged bondholders
2. Debentures
3. General creditors
4. Preferred stockholders
5. Common Stockholders

2. Suggested Activity:

a. Based on their study of common stocks, students could be asked to select a stock, evaluate it (to the class) based on the criteria of the unit just studied. They should keep a chart record of the stock and review it at the end of the course to see how wise their choice was.

SUMMARY:

There are two broad classes of investment securities:

a. Equities (represents ownership)

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		1. Common Stock 2. Preferred Stock b. Bonds (bondholders are creditors or loaners of capital) 1. Mortgage Bonds 2. Debentures Resource for Objective B: The Language of Investing: A Glossary, N.Y.S.E.
PREFERRED STOCK	A. Students will identify and evaluate the distinguishing characteristics of preferred stock.	1. Suggested student readings: a. Chapter 4 in, How to Buy Stocks, Louis Engel. b. Page 16 in, Understanding the New York Stock Exchange, N.Y.S.E. c. Page 9 in, Understanding the Modern Securities Market, Commodity Research Publications Corp., New York, New York 10005 2. Informational highlights regarding preferred stocks. a. A senior security which is subordinate to all debt that a company owes. b. Preferred stock has a priority over common stock for dividends. c. Preferred stock has a priority over common stock upon the assets of a company in the event the company is dissolved (liquidates).

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
26		d. Dividends 1. Declared at the option of the Board of Directors. 2. Directors may decide to pass or omit the dividend for one quarter or longer. 3. Most outstanding preferred stocks are cumulative; if dividends are omitted, they build up in arrears and must be paid before dividends can be paid on common stock. 4. Preferred dividends are at a set or fixed rate. a. The percentage rate is usually based on $100 par b. The yield is generally higher than that of common e. Callable Feature 1. Most preferred stocks are callable at the option of the corporation, e.g., they may be redeemed by the issuing corporation at a specified price,usually at a premium to par (or issuing price). 2. This feature will limit the market appreciation because investors will not want to pay a price above call. f. It is an equity with indefinite longevity in contrast to a bond which has a maturity date. g. Voting Rights 1. Usually do not have the right to vote for directors 2. Charter may allow preferred to vote on new senior issues or corporate structural changes, i.e., mergers, etc. h. Convertible Preferred 1. Shareowner may exchange at a specified rate his preferred shares for common shares.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		2. Price movements of convertibles tend to reflect those of the securities for which they can be exchanged. i. Participating Preferred 1. Entitles the owner the right to participate with common stockholders in earnings over and above the stipulated preferred stock dividend rate under stated conditions. 2. A preferred of this type will be more "volatile" than a regular preferred.
	B. Students will identify some of the major considerations in the selection of preferred stock.	1. Informational highlights regarding the selection of preferred stock. a. For income: Check for a satisfactory yield and if the yield is lower than a comparable highgrade bond, there may be no advantage to the purchase of a preferred. b. Select cumulative issues in preference to non-cumulative preferreds, especially if there has been an omission of dividends, and the company's earnings projection indicate a resumption of dividend payments. c. Check if there is a "Call Price" and be careful not to pay over it. d. Check the overall financial position of the company and its future earnings potential for this would indicate the security of the dividend and the potential for appreciation. e. Watch for changes in "money rates" for this will affect the price of preferred stock and other fixed income investment opportunities.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		2. Questions for classroom discussion and study: a. Discuss the special features of preferred stock as to liquidation, dividends, call privileges, and voting. b. Distinguish a "cumulative" preferred stock from a "non-cumulative" issue. c. Describe what is meant by a "participating" preferred stock. d. Why is a "convertible" preferred more volatile than a regular preferred? e. What is the significance of the "call price" in a preferred stock? f. What is the significance of dividend arrears to cumulative issues? g. Critically evaluate some important considerations in the selection of preferred stocks. TEACHER RESOURCE READING: Chapter 6 in, The Over-the-Counter Securities Markets, Leo M. Loll, Jr. and Julian G. Buckley.
BONDS AND OTHER FIXED-INCOME INVESTMENT OPPORTUNITIES	A. Students will identify and evaluate the distinguishing characteristics of bonds and other fixed-income investment opportunities.	1. Reading sources for students: Booklet: Understanding Bonds and Preferred Stocks, Published by N.Y.S.E. Booklet: What Tax-Free Bonds Can Mean to You, Published by F.I. DuPont, Glore Forgan & Co., 1 Wall Street, New York, New York 10005

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		Booklet: Investors' Notebook, No. 3, A Guide to a Working Language of Wall Street, Published by N.Y.S.E. Book: How to Buy Stocks, Louis Engel (Chapter 5) 2. Source readings for the teacher: The Over-the-Counter Securities Markets: A Review Guide, L. Loll and J. Buckley. Prentice Hall (Chapter 4) The Anatomy of Wall Street, C. J. Rolo and G.J. Nelson, Editors. J.B. Lippincott Co. (Chapter 6) Government Securities Market, Ira O. Scott. McGraw-Hill, 1965. Measures of Municipal Bond Quality, George H. Hempel. University of Michigan. Trends in Corporate Bond Quality, Thomas R. Atkinson. Columbia University Press, 1967. 3. Informational highlights regarding fixed securities: a. Three broad classes of fixed income investment opportunities: 1. Preferred Stock 2. Bonds and debentures 3. Treasury notes and bills b. Preferred Stock (See unit V) c. Bonds: A certificate giving evidence of a debt obligation 1. Bondholder is creditor 2. Have a fixed rate of interest and a maturity date

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		3. Quality ratings are offered by: a. Fitch's b. Moody's c. Standard & Poor's 4. Some are "callable" (e.g., when all or part of an issue may be redeemed by the issuer under definite conditions before maturity) d. Kinds of Fixed-Income Securities 1. U.S. Savings Bonds a. Non-negotiable b. May be redeemed at predetermined prices 2. U.S. Treasury Bills a. Highest quality marketable fixed income b. Issued on a discount basis with maturities of 3,6,9, and 12 months and redeemed at face value on maturity date. 3. U.S. Treasury Notes a. Matures in 1 to 7 years b. Have specific interest coupons c. Pay interest semi-annually 4. U.S. Treasury Bonds a. Margin requirements - 5 percent b. Mature in 7 or more years c. Rates fixed at 4 1/4 percent by statute (therefore are bought at big discounts)

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
31		5. Corporate Issues a. Margin requirement - 30 percent b. Mortgage Bonds: Secured by some real property of the corporation. c. Sinking Fund Bond: Parts of the issue are retired at different periods before the final maturity date. d. Debentures: Lack a pledge of assets but are backed by the general credit and full faith of the issuing corporation. e. Convertibles: 1. 50 percent margin requirements 2. Usually a junior debt obligation 3. May be converted into a specific number of common shares at predetermined prices (makes issues more "volatile") f. Warrants: issued with some bonds or may be purchased in secondary market. 1. Entitle holders to purchase common stock at stipulated prices within a specified time limit or perpetually. 6. Municipal Bonds (state, county, and city) a. Margin requirements - 15 percent b. Most are "Bearer Bonds." Holder is presumed to own it. c. Common minimum purchase units: $1,000 and $5,000 d. Major attraction: Income exempt from federal income taxes. e. Two markets for Municipal Bonds: 1. Primary Market: When purchased from the original issuer

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		2. Secondary Market: Is where outstanding issues are traded before the maturity date (e.g., the over-the-counter market).
		4. Suggested activities:
		a. Have students read several of the resource readings.
		b. Invite guest speaker from brokerage firm to speak on the topic of bonds and fixed-income investments.
		c. Have students give an oral report after doing research on a particular fixed-income investment giving a critical appraisal.
		d. Form "buzz groups" and have each one assess and report on a particular type of fixed-income investment.
		e. Have students compare the necessary yields from taxable securities to match those of tax-free municipal bonds for various income brackets. (Such a chart is available in booklet "What Tax-Free Bonds Can Mean To You" pp. 10-11, F.I. DuPont, Glore Morgan & Co.)
		f. Have students chart bond prices (weekly) from the index of 40 Dow-Jones bonds reported in the Wall Street Journal and the New York Times. This chart could be placed on an overhead projector for the class to view. (Evaluate the relationship of bond market trends to stock market trends)
		g. Ask students to evaluate how a change in money rates would effect various fixed-income securities. Note: Money Market (short-term loans which fall first) and Capital Market (long-term loans which fall last)

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

h. Have students calculate "Yields" on bonds selling at a premium or a discount. (see pp. 16 & 17 in, "Understanding Bonds and Preferred Stocks" N.Y.S.E.)

i. Ask students to list and define four types of corporate bonds.

j. Given the following information, ask students to make a choice and offer support for the one they chose.

> Assume we have had a four-year decline in the economy and bond prices have fallen. Which issue would you select if appreciation of capital and safety of investment is your main objective?
>
> a. A bond selling at 90, yielding 8 1/2 %
> b. A bond selling at 50, yielding 12 %
> c. A bond nearing maturity (within 2 years) selling at a premium, yielding 5%

NOTE: There is no correct answer, but "c" would be the least desirable choice.
If the economy is still going down, "a" has the greatest safety, but if the economy is turning into an upswing and the company from the "b" choice would benefit, it may make the most gain if one wanted to speculate.

k. Ask students to react to the statement that mortgage bonds are "safer" than debentures.

l. Ask students to give some reasons why some bond issues are not approved by the freeholders.

m. Examine the bond quote pages of a newspaper and explain how bonds are quoted.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

n. Ask students to agree or disagree that for older people who have retired, bonds offer a more prudent investment opportunity than common stocks. Students should give reasons for their choice.

o. How does a "call provision" affect the price of a bond?

p. Pass around the class a sample of the bond certificate found in the N.Y.S.E. teaching aid kit.

SUMMARY: Comparative advantages of Bonds vs. Preferred Stock

1. Bonds are a senior security relative to preferred stock.
2. Bonds receive interest to date of sale, whereas preferred stock usually pays dividends quaterly.
3. The cost of trading bonds is cheaper than the trading of stock.
4. Bonds offer greater leverage due to lower margin requirements.
5. Interest payments to bondholders is mandatory, whereas dividend declarations are optional to preferred stockholders.
6. The lack of a maturity date in a preferred allows for greater appreciation.
7. Some preferreds offer a tax advantage.
8. Most preferred stocks have a "cumulative" feature which may be significant if there are dividends which are in arrears.

Three major reasons for fixed-income investments:

a. Steady income
b. A higher return
c. Minimizing risk

GOAL 5: IN INTERPRETING THE TECHNICAL FEATURES OF THE MARKET, THE STUDENT WILL DEMONSTRATE THEIR ABILITY TO PREDICT BULL OR BEAR TRENDS.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
TECHNICAL MARKET ANALYSIS	A. Students will analyze various market theories and be able to interpret their significance as to bull or bear trends.	1. The "technical" approach is a term applied to the various internal factors affecting the market, i.e., size of the short interest, volume of trading, amount of credit in use, odd lot theory, advance and decline theory, short interest theory, Dow theory, and other averages and the "new issues" market. The technical analyst will relate this information to the price/volume action of a particular company and then try to determine when a stock is in a favorable buy or sell position. a. Demonstrate charting techniques 1. Vertical line chart 2. Point-and-figure chart b. Have students chart: 1. The Dow Industrials 2. The Dow Transportation 3. An individual stock of their choice c. Invite a guest speaker to explain the significance of the following: 1. Trading volume and its relationship to market price (indicate bull or bear trends) 2. How to examine the "Breadth" of the market a. Advances and declines relative to volume b. Highs and lows relative to volume 3. How a change in margin requirements (up or down) could cause a bull or bear trend. 4. How the amount of "New Issues" floated and how quickly they are absorbed indicates bullish or bearish conditions. 5. The "Odd Lot" theory 6. The Short Interest theory

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		7. The Dow theory 8. Other stock averages 9. How to read and interpret charts. (provide an overhead projector) 10. Evaluate the psychological effect on the market of: a. Labor - management news b. Monetary - fiscal news c. Foreign policy and international trade agreements d. Change in political leadership e. Change in government regulations d. Have students bring in the financial section of the newspaper and critically analyze with them each of the above items. e. Select some of the items in number "c" above for oral reports. 2. Evaluate progress by asking students: a. To react to the statement that volume as a technical indicator is relative. (agree or disagree and why) b. In bull and bear terms, relate volume to: 1. Advances and declines 2. Highs and lows c. To make some trend predictions from his charts both for the market and his individual stock. d. To bring in newspaper clippings regarding articles (e.g., p. 29, # c, 10)

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		and make some assumptions or assessments of their affect on the stock market. e. To critically compare the Dow Jones averages with the N.Y.S.E. index. f. Who sets the margin requirements on securities? g. Why a change in margin requirements would effect the market? h. To explain the Dow theory.
	B. Students will generalize from data and predict future market trends.	1. Market Cycle concepts: characteristics of bull and bear trends. a. In the long run, the market always alternates between bull and bear positions. b. The market is known as the "barometer" of the economy and indicates future economic trends. c. Bear markets break rapidly, tend to be sharper, and shorter-lived than bull markets. 2. Have students evaluate some of the following conditions: a. The significance of high price-earnings ratios. b. The significance of low price-earnings ratios. (Bullish or Bearish) c. An increase of interest in speculative issues. d. A decline in the rate of absorption of "new security" flotations.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

e. News indicates that buyers are becoming "selective" (end of bull)

f. Low volume on "rallies." (bearish)

g. Prices go down; volume remains steady. (bullish)

h. Rising prices on higher volume. (bullish)

i. Declining prices on low volume. (bullish)

3. Have students check the financial section of the newspaper and from the indicators, etc.,make some assumptions of future trends.

Resource Readings for Technical Market Analysis:

Basic Stock Market Charts & Their Significance. Library of Wall Street.

Engel, Louis, How to Buy Stocks. New York: Bantam Books, 1967, Chapter 24.

Loll, Jr., Leo M. and Buckley, Julian G., The Over-the-Counter Securities Market. 2d ed. New Jersey: Prentice-Hall, Inc., 1967, Chapter 9.

Markstein, D., How to Chart Your Way to Stock Market Profits. New Jersey: Prentice-Hall, Inc.

New Technical Discoveries in Chart Analysis. Library of Wall Street.

Rolo, Charles J., and George J. Nelson., eds. The Anatomy of Wall Street. New York: J.B. Lippincott Co., 1968. Chapters 12 - 16.

Stock Market Charting for Fun and Profit. Library of Wall Street.

The Breadth Theory of Stock Market Action. Library of Wall Street

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		Villiers, Victor de, and Windsor Brooks. The Point and Figure Method of Anticipating Stock Price Movements. Wyckoff, P., The Psychology of Stock Market Timing. New Jersey: Prentice-Hall Inc.

GOAL 6: GIVEN THE CONDITIONS OF A BEAR MARKET, THE STUDENT WILL OFFER APPROPRIATE INVESTMENT STRATEGIES AND EVALUATE EACH.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
BEAR MARKET	A. Students will critically evaluate investment strategies for a bear market.	1. Discuss and describe the following strategies for a bear market. a. Liquidate holdings by switching th a "cash position." b. At the end of the year, if your tax position warrants it, you may go short by "selling against the box." c. Switch to bonds 1. Prices may be declining 2. Yields going up d. Sell Short e. Buy a put option f. Trade during secondary rallies. (very speculative - must be sophisticated investor) g. Invest in Hedge Funds h. Switch to "defensive" issues. (e.g., utilities, food) Suggested Activities: 1. Have students interview a stock market investor and evaluate his success or failure during the last 5 years with emphasis on the period 1968 to the present. The student could report to the class the composition of the original portfolio and its value to the current position of the investor. 2. Students should chart market activity using one of the averages. (i.e., Dow Jones Industrials) 3. Students could bring in news items of all kinds, i.e., business indicators; corporate reports; political news; general economic news, and evaluate how this has effected or will affect the market.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		Source Readings for Bear Market Strategies: Engel, Louis, How to Buy Stocks. New York: Bantam Books, 1967. Chapters 22 & 23. How to Gain Stock Market Mastery Through Puts and Calls. Library of Wall Street. How You Can Make a Fortune in a Bear Market, Library of Wall Street. Put Option and Call Option Contracts. Distributed by Thomas, Haab and Botts, New York. Sarnoff, Paul, The Complete Guide to Puts and Calls. Schultz, H., Bear Markets: How to Survive and Make Money in Them. New Jersey: Prentice-Hall, Inc. The Secrets of the Short Sale and Their Profitable Applications. Library of Wall Street

GOAL 7: STUDENTS WILL EVALUATE A SECURITY BASED ON THE CRITERIA OF FUNDAMENTAL ANALYSIS.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
FUNDAMENTAL ANALYSIS	A. Students will demonstrate his ability to utilize the fundamental approach in evaluating a given security.	1. The fundamental security analyst attempts to determine the relationship of current price to the intangible intrinsic value of a stock in order to predict (make an assumption of) a future market price. Fundamental Analysis: Areas for Consideration a. Industry 1. Growth - Static - or in a state of decline 2. Defensive or sensitive to the business cycle. b. Firm 1. Dominant or marginal company. (competitive position in industry) 2. Product diversification. (a single product is vulnerable) Patents? 3. Type and size of market. (i.e., depending largely on government orders) 4. Research & Development program if applicable to business. 5. Management (a dominate intangible element in evaluating stock) a. Experience and reputation among peers. (competitive managements) b. Agressiveness c. Progressiveness: adaptability to changing conditions. d. Labor relations and effective use of manpower e. Relative earning performance for the industry. f. Ratio of price to book value is major test of management's ability to effectively use assets. 6. Earning Power (Profitability) a. Growing - declining - or static

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

b. Earnings per share (number of shares outstanding)
c. The rate of return on equity capital (see balance sheet and income statement)
d. Amount of earnings paid out as dividends
e. Stability of earnings (length of record - depression - resistant industries)
f. Non-recurring earnings (check in profit and loss statement)

7. Is there a senior issue?

a. Subordinates common claims on assets in case of liquidation.
b. Senior capital may be used to provide greater earnings and increase the possibility of profits for common stock and therefore stimulate appreciation.
c. Leverage exists where there is senior obligation.

1. Magnified gains in earnings
2. Magnifies declines in earnings

8. Dividends

a. Dividend record (how long have they been paying (any omitted years during depression)
b. Stability
c. What is the yield relative to the industry?
d. Trend: up or down
e. Extra dividends
f. Cash and/or stock dividend
g. What is the yield on current price?
h. What is the anticipated rate of return (a stock's price can be affected by future estimates)?
i. Are dividends paid out of earned surplus?

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

9. Balance Sheet Ratio

   a. Current assets to current liabilities (3/1 good ratio)
   b. Liquidity ratio: cash items to current liabilities

10. Price record (current price relative to chart record.

11. Price/earnings ratio relative to the industry

   a. Growth stocks usually have a high P/E record
   b. Check current P/E to P/E record to determine if stock is over or under priced.

12. Book Value

   a. Indicates what shareholder might receive in liquidation
   b. More significant in new company
   c. Deduct book value from the market price to determine value being placed on the company's intangibles
   d. Has no relationship to market value

13. How many "institutional holders" own the stock?

ACTIVITIES:

1. Teacher may offer a lecture and discussion on the above outline.
2. The teacher may invite a guest speaker from a brokerage firm to cover some special area of the above outline.
3. The teacher may prepare a handout of the topical outline for fundamental considerations. Then have students select a stock and relate his selection to the criteria of the outline.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

4. You may have students participate in a simulated stock purchase, e.g., each student is given $5,000. and asked to make investment choices for capital appreciation. A record keeper could be appointed for each ten students. At the end of the course, students who have made the most gain could be offered a reward.

5. Two games are available:

   a. Stocks and Bonds (from 3M co., St. Paul, Minnesota) $8.95
   b. Trade the Market (D.A.G. Corp., P.O. Box 742, Miami, Florida 33138) $6.98

   These games may be purchased from Stewart's Toyland, Inc. at 1654 Meridian Avenue, Miami Beach, Florida 33139 at 10% off above prices. These games could be used as a group activity.

Resource Readings:

Engel, Louis, How to Buy Stocks. New York: Bantam Books, 1967. (Chapters 22 & 33)

Floss, carl Willian, Market Target. Exposition Press, 1969.

Hazard, John W., Choosing Tomorrow's Growth Stocks Today. Doubleday. Harvard University Press, 1957.

Meyer, John R., and Edwin Juh, The Investment Decision. Harvard University Press, 1957.

Rolo, Charles J. and George J. Nelson, eds., The Anatomy of Wall Street. New York: Lippincott, 1968. (Chapter 2)

Tso, Lin, Techniques for Discovering Hidden Value Stocks. Frederic J. Fell, 1965.

GOAL 8: STUDENTS WILL EVALUATE INVESTMENT COMPANIES AS AN ALTERNATIVE INVESTMENT OPPORTUNITY.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
INVESTMENT COMPANIES	A. Students will offer the distinguishing characteristics of various types of investment companies.	1. Make assignments from the source readings. 2. Invite a fund salesman to speak to your class. a. Suggest that he bring some literature b. Aside from the advantages ask if he could cite some of the cautions one should have toward fund investment. 3. Students could offer reports on a particular fund or type of fund. 4. Teacher could hold class discussion on advantages and disadvantages of fund investments. Questions for Discussion and Study: 1. Distinguish between a closed-end investment company and an open-end or mutual fund. 2. Compare the advantages and disadvantages of fund investments. 3. What is meant by the term load? 4. What is a no load fund? 5. How are mututal funds (shares) redeemed?

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		6. Contrast the portfolio and investment policies of the following types funds: a. Diversified common stock funds b. Growth funds c. Balanced funds d. Income funds e. Specialty fund f. Bond & Preferred Stock fund g. Performance funds h. Hedge funds i. International funds j. Dual funds 7. Ask students to check and compare the performance of funds to the market in general. (see the annual edition of Investment Companies, by Arthur Wiesenberger and one of the popular stock averages, i.e., Dow) 8. Explain the tax advantage of certain funds. (e.g., those that turn 90% of their dividend income and capital gains over to the shareholder it is not taxed "twice") 9. Are no load funds always a more purdent choice than load funds? Explain your answer. SUMMARY: Advantages a. Professional management b. Diversification c. Some have tax advantage d. Liquidity and marketability

FOCUS	OBJECTIVE	LEARNING ACTIVITIES

Disadvantages

a. Front-end load
b. Contractual plans not good for everyone
c. Not good for short term investments or the "trader"
d. A new buyer may have to pay the capital gains tax on past profits even though he has not benefited from the growth that created them.
e. On monthly withdrawal plans they are only good as long as the amount doesn't exceed what the fund shares can reasonably earn.

Source Readings:

Engel, Louis, How to Buy Stocks. New York: Bantam Books, 1967. (Cahpter 29)

Lester, Joseph, How to Make More Money From Mutual Funds. Exposition Press, 1965.

Loll, Jr., Lee M., and Julian G. Buckley, The Over-the-Counter Securities Market. 2d ed. New Jersey: Prentice-Hall Inc., 1967. (Chapters 16 & 17)

Straley, John A., What About Mutual Funds. 2d Rev. ed. Harper & Row, 1967.

The Money Managers. The Investment Company Institute. McGraw-Hill, 1967.

GOAL 9: STUDENTS WILL EVALUATE SPECIAL INVESTMENT TECHNIQUES SUCH AS "DOLLAR COST AVERAGING."

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
Investment Techniques	A. Students will demonstrate their understanding of "dollar cost averaging."	1. Have students read Chapter 14 in, How to Buy Stocks, by Louis Engel. 2. You can write to the New York Stock Exchange for literature on their Monthly Investment Plan. 3. Have a student give an oral report on the M.I.P. 4. Hold a class discussion on the following: a. The main advantage of the M.I.P. b. Who is it best suited for? c. What cautions must one take? SUMMARY: Dollar Cost Averaging 1. Must have steady income and stick with program 2. Invest in long-term growth companies 3. It is a dollar-cost-averaging plan Monthly Investment Plan 1. Created by the N.Y.S.E. 2. For the small investor 3. It is a dollar-cost-averaging plan NOTE: Current buying cost makes this plan less attractive.

FOCUS	OBJECTIVE	LEARNING ACTIVITIES
		Suggested Activities: 1. As a culminating activity, you may arrange to have your class visit a brokerage firm. 2. If approved, an alternate method of earning credit for this quin may be for the student to serve a 45-hour internship with a reputable brokerage firm (member of the N.Y.S.E.) This may be done before, during,or after school. The student would receive no pay, but would be given a variety of experiences at the end of which time he would be given a formal test at school to evaluate his progress and understanding of the subject matter. If he passes, he would receive credit for his work experience.

MATERIALS:

1. RECOMMENDED BASIC TEXTUAL AND OTHER MATERIALS:

Brindze, Ruth., Investing Money. New York: Harcourt, Brace, and World, Inc., 1968.

Engel, Louis, How to Buy Stocks. Boston: Little, Brown and Co., 1953. (also in paper back Bantam Books, New York

Kit: Portfolio of Teaching Aids to accompany, "You and the Investment World", New York Stock Exchange, 11 Wall Street, New York, New York 10005

Low, Janet, Understanding the Stock Market: A guide for Young Investors. Boston: Little, Brown & Co.

Rosenblum, Marc, The Stock Market. Ohio: McCormick-Mathers Publishing Co., 1970.

Yarmon, Morton, Invest Smartly. New York: Charles Scribner's Sons, 1961.

You and the Investment World, N.Y.S.E. Publication

2. ALTERNATE STUDENT AND CLASS MATERIALS:

A. Textual

How to Read the Wall Street Journal for Pleasure and Profit. Library of Wall Street

Sobel, Robert, The Big Board: A History of the New York Stock Market. New York: The Free Press, 1965.

Stabler, C. Norman, How to Read the Financial News. 10th ed. New York: Harper & Row, 1965.

Teenagers' Guide to the Stock Market. Library of Wall Street.

B. Audio-Visual

Films (available through Dade County)

		Dade County Number
1.	Modern Corporation, The (good for topic #1)	1-31453
2.	What is a Corporation (good for topic #1)	1-05597
3.	Work of the New York Stock Exchange, The (good for topic #2)	1=10194

Films available through member firms of the New York Stock Exchange or from the Modern Talking Picture Service (see N.Y.S.E. kit for addresses_

1. The Lady and the Stock Exchange (27½ minutes; 16mm. color)
2. What Makes Us Tick (12 minutes; 16mm. color)
3. Working Dollars (13 minutes; 16mm. color)

C. Simulation Games:

a. Stocks and Bonds - 3M Co., St. Paul, Minnesota $8.95

b. Trade the Market - D.A.G. Corp., P. O. Box 742, Miami, Florida 33138 $6.98

D. Supplemental pupil resources:

From Merrill Lynch, Pierce, Fenner, & Smith Inc., 70 Pine Street, New York, New York 10005

1. "Questions and Answers About the Stock Market"
2. How to Invest in Stocks & Bonds: Who, Why, What, Where, How, When"
3. "How Over-the-Counter Securities are Traded"

From Thomson & McKinnon, 2 Broadway, New York, New York 10004

1 1. "Understanding the Modern Securities Market"
2. "Investors' Notebook", a series

From the N.Y.S.E.

1. "The Language of Investing: A Glossary," Published by the N.Y.S.E. (6¢ each)
2. "Understanding the New York Stock Exchange," Published by the N.Y.S.E. (10¢ each)
3. "Understanding Financial Statements," Published by the N.Y.S.E. (10¢ each)
4. "Understanding Preferred Stocks and Bonds," Published by the N.Y.S.E. (10¢ each)
5. "Stocks on the Big Board," Published by the N.Y.S.E. (5¢ each)
6. "Careers in Stocks and Bonds," Published by the N.Y.S.E. (15¢ each)

Address N.Y.S.E. orders to: Manager
School and College Relations
New York Stock Exchange
11 Wall Street
New York, New York 10005

NOTE: The kit "Portfolio of Teaching Aids" is offered free by the New York Stock Exchange. The booklet, You and the Investment World, and the test, The World of Investing, are free in classroom quantities when ordered on school stationery for use in school.

D. Teacher reference material:

Diamond, Frank B., Economic Influences on the Stock Market and How to Read Them for a Profit. New York: Cornerstone, 1970.

Knapp, Robert H., Technical Factors in Stock Market Analysis. New York: World Publishers, 1970.

Loll, Jr., Leo M. and Julian G. Buckley, The Over-the-Counter Securities Markets. 2d ed. New Jersey: Prentice-Hall, Inc., 1967.

Rolo, Charles J. and George J. Nelson, eds., The Anatomy of Wall Street. New York: J.B. Lippincott Co., 1968.

Willett, Edward R., Fundamentals of Security Markets. New York: Hawthorn, 1970.